

Washoe County Total Portfolio

Quarter ended September 30, 2026

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Competing Forces Reprice the Rate Outlook

The rate outlook has become increasingly shaped by persistent energy inflation and unusually strong demand for capital. AI-related investment and resilient consumer spending continue to support growth, while fiscal deficits and growing private-sector borrowing are adding to competition for capital and upward pressure on longer-term yields. At the same time, moderating labor demand, housing affordability constraints, pressure on lower-income consumers and small businesses, and risks to the AI buildout point to potential slowing. Productivity adds to both sides of the debate: stronger growth may support a higher neutral rate, while efficiency gains could also ease inflation pressures. With monetary policy a blunt tool against supply-driven inflation, the Fed faces a difficult balance between containing broader price pressures and avoiding unnecessary damage to rate-sensitive parts of the economy. The T-ledger below highlights these competing forces shaping the rate outlook.

Higher Rates / Faster Growth

Persistent Energy Inflation

AI Buildout and Corporate Capex

Fiscal Deficits

Resilient Consumer Spending

Higher Policy Path / More Hawkish Fed

Productivity Growth

Constraints in Labor Supply

Sticky Inflation

Lower Rates / Slower Growth

Geopolitical Friction

Risks to AI Buildout

Small Business Conditions

K-Shaped Economy

Housing Affordability

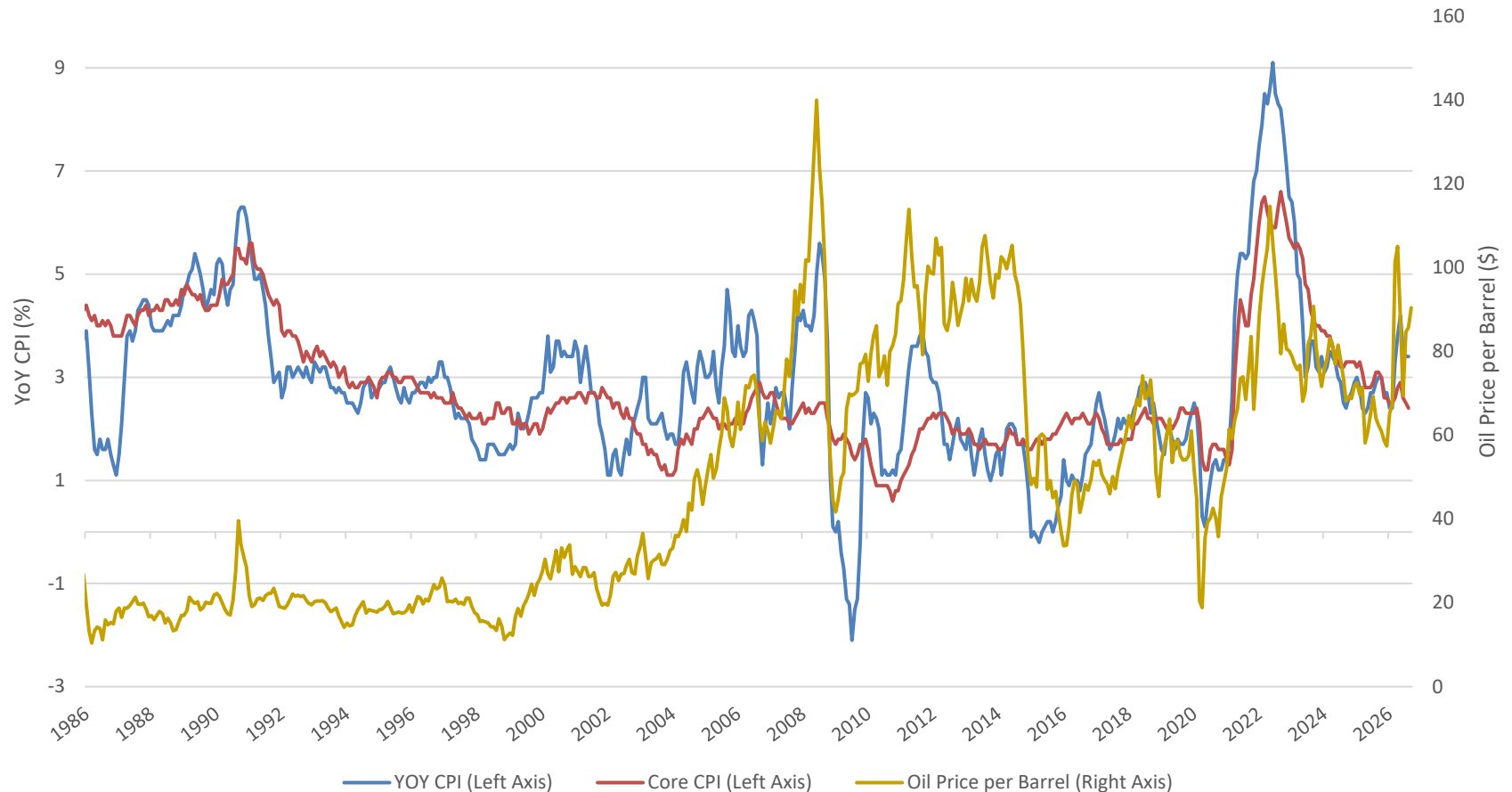
Productivity-Driven Disinflation

Moderating Labor Demand

Negative Real Wages

Oil Shocks and the Impact on CPI

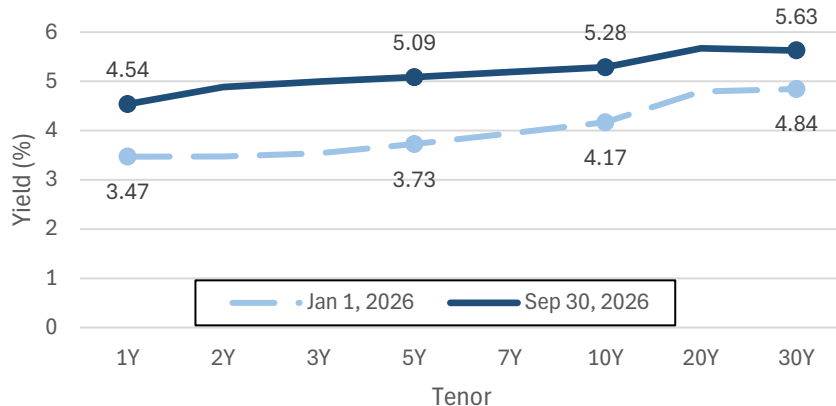
Energy remains an important source of inflation pressure even as underlying inflation trends have moderated. The renewed rise in oil and refined-product prices has kept headline inflation elevated and complicated the Fed's policy response. Monetary policy can restrain aggregate demand and limit the risk that an energy shock becomes embedded in broader inflation, but it cannot directly address the underlying supply constraint.



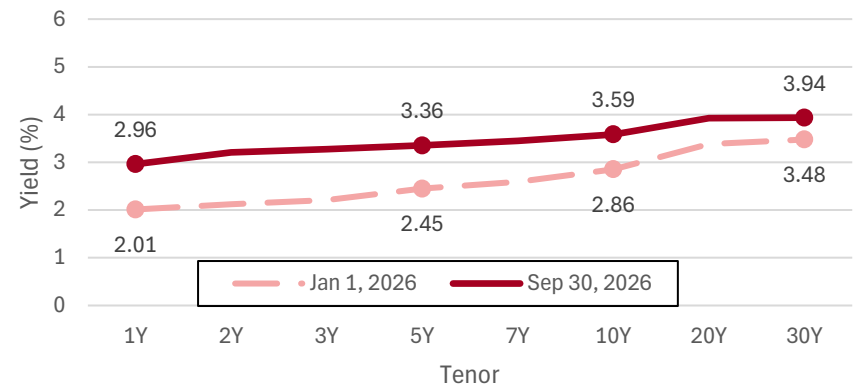
Rising Yields Are a Global Story, Not a U.S. One

Yields climbed across major developed market over the first nine months of 2026, underscoring that the rise in U.S. rates is part of a global repricing. The U.S. 10-year rose roughly 1.1 percentage points (4.17% to 5.28%). But there were also sizable moves in other developed nations, including France (1.3 percentage point rise), Japan (1.0 percentage point rise) and Germany (0.73 percentage point rise). Elevated U.S. yields reflect global forces, including inflation, rebuilding term premium, and heavy sovereign supply as much as anything specific to the United States.

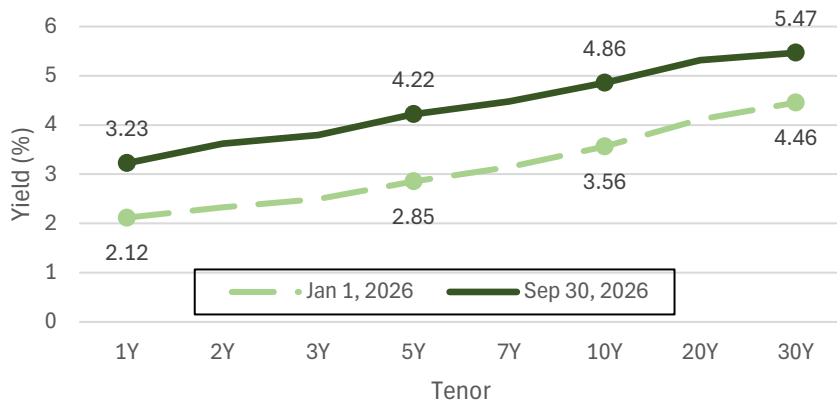
United States Government Yield Curve



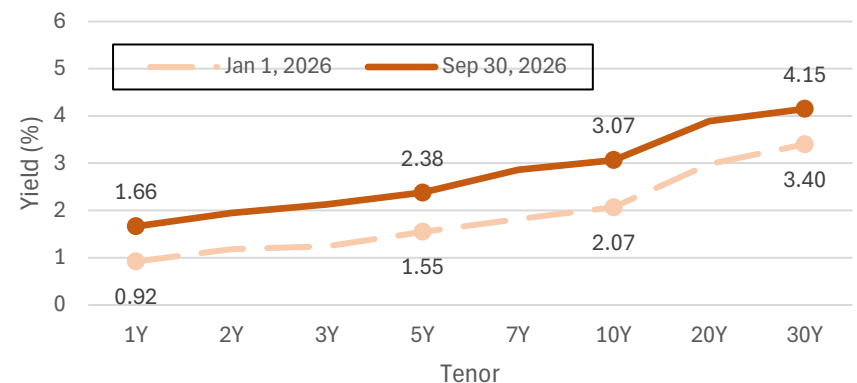
Germany Government Yield Curve



France Government Yield Curve



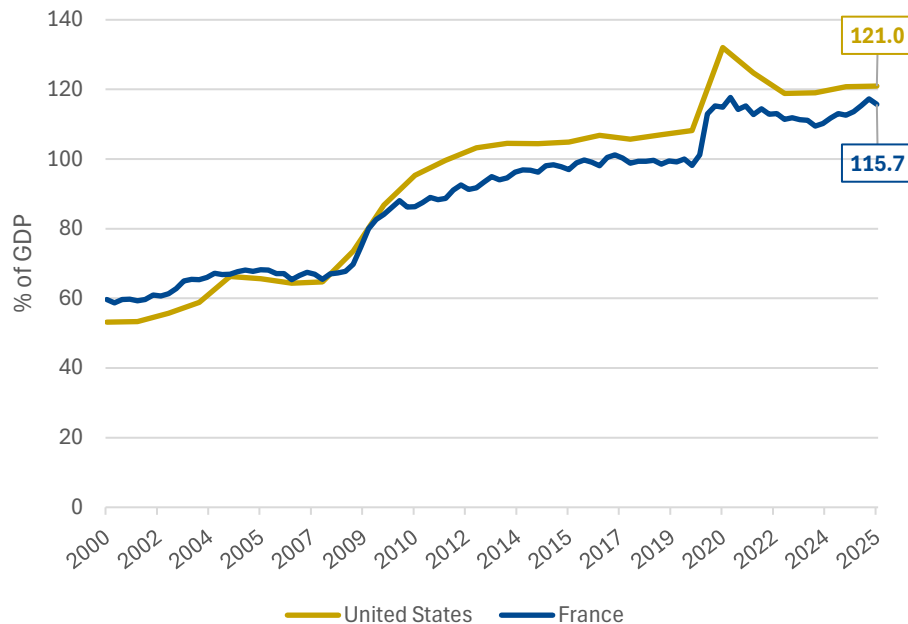
Japan Government Yield Curve



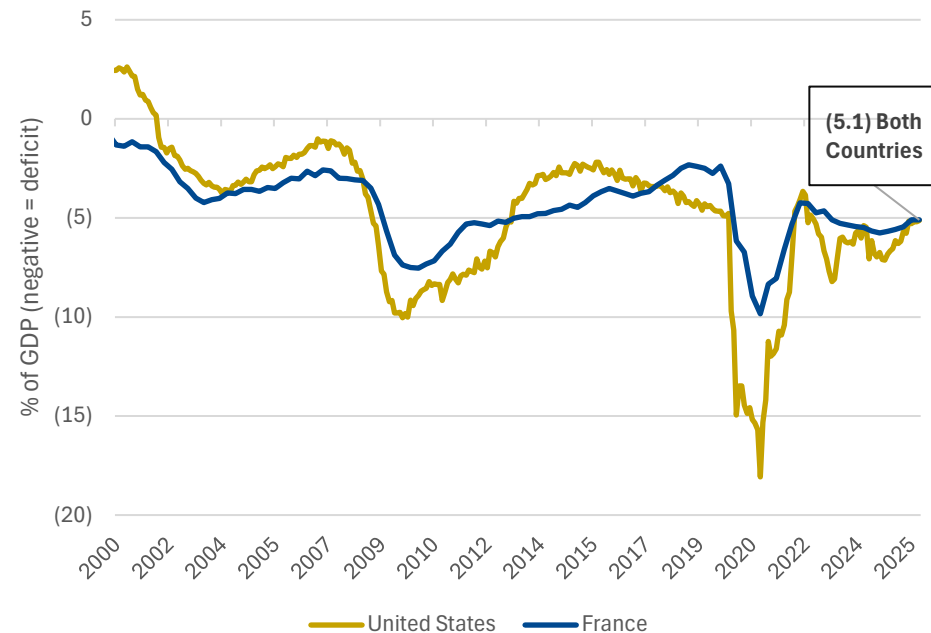
Fiscal Trajectories: The U.S. and France

Persistent fiscal deficits are becoming a more important consideration for long-term sovereign yields. France has faced increasing market scrutiny over its fiscal trajectory, while the U.S. continues to run a large deficit despite relatively strong economic growth. Although their debt-to-GDP and deficit paths look broadly similar, France faces materially tighter market and institutional constraints as a member of the Euro area, while the United States retains the flexibility of its own currency and central bank.

Government Debt as % of GDP:
United States vs. France (2000–2025)



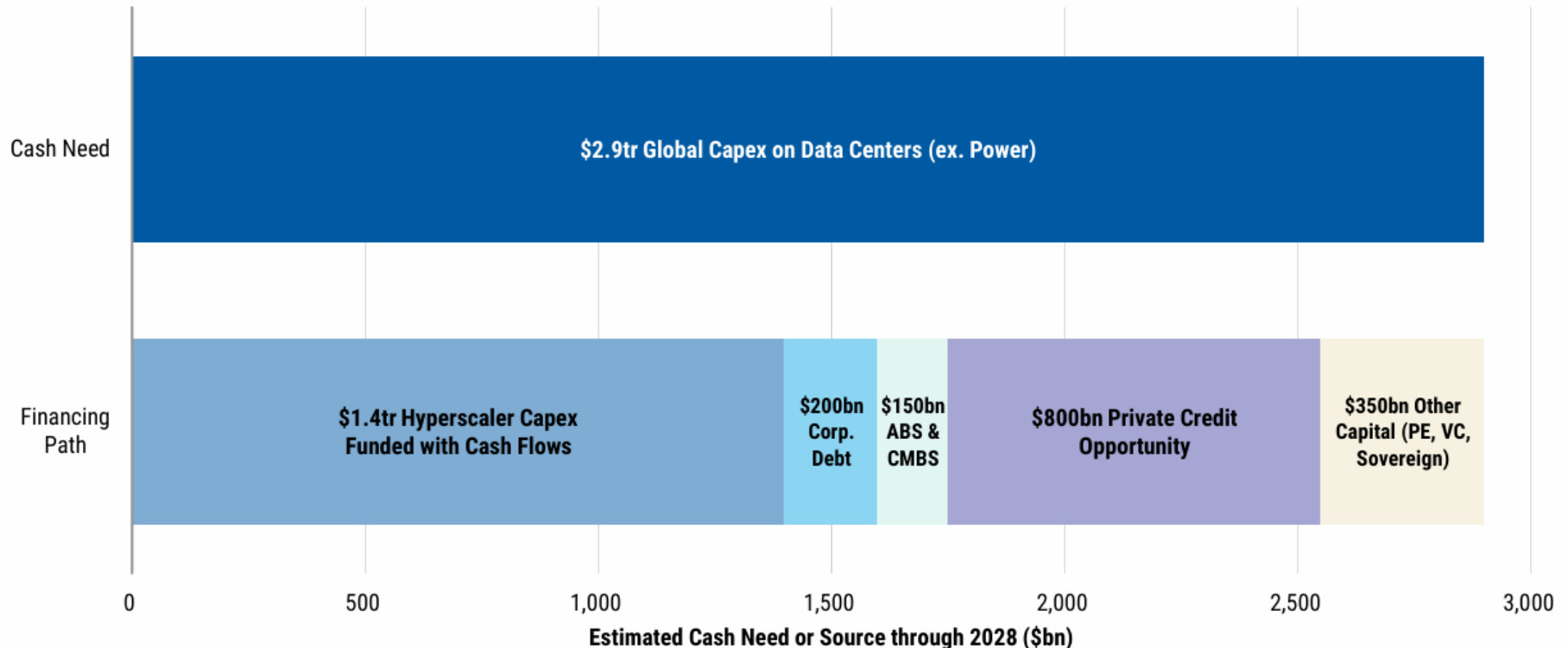
Budget Balance as % of GDP:
United States vs. France (2000–2026)



Financing the Data Center Boom

Morgan Stanley estimates the global data-center buildout will require roughly \$2.9 trillion of capital expenditure through 2028 (excluding power). Even the cash-rich hyper-scalers can only self-fund about half of the cost. The remaining ~\$1.5 trillion must be raised externally, and it's being sourced from every available channel: \$800 billion from private credit, \$350 billion of other capital (private equity, venture, and sovereign funds), \$200 billion of corporate bonds, and \$150 billion of securitized debt (ABS & CMBS). The massive buildout is forcing hyper-scalers to tap every pocket of capital markets, led by a fast-growing private credit market.

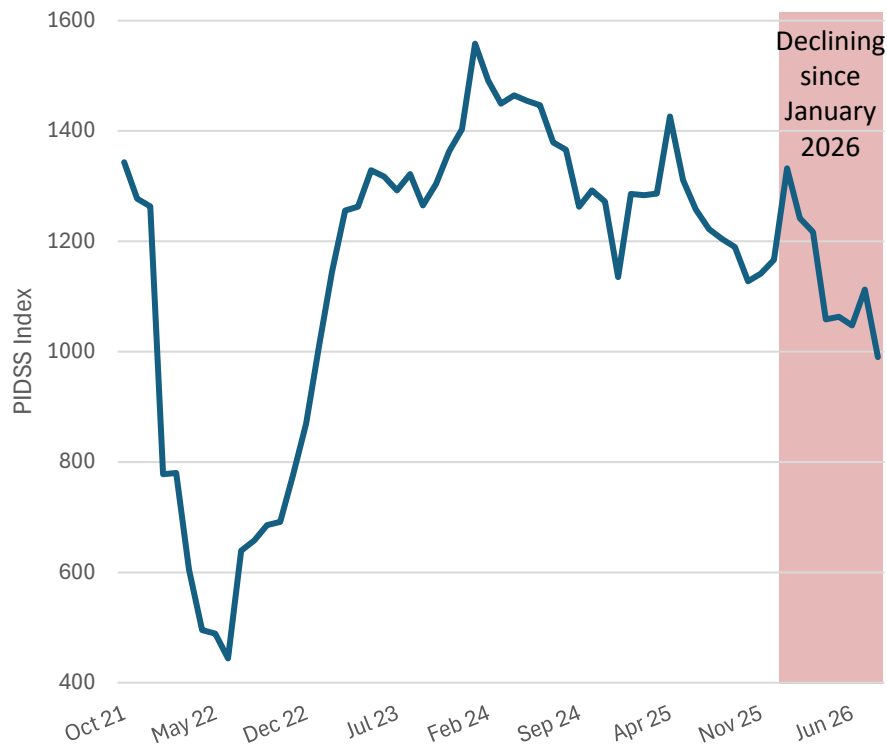
Estimated Financing Breakdown for Total Hyper-scaler Capex (ex. Power) 2025 through 2028



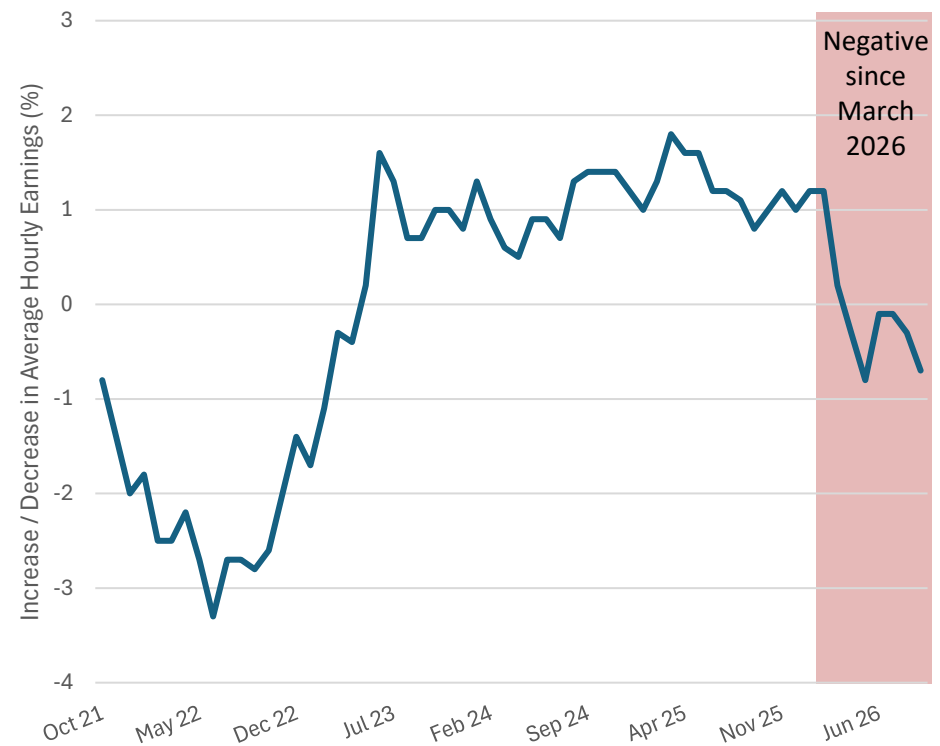
The Cracks Beneath Resilient Consumption

Consumer spending has remained resilient in aggregate, but pressure is building beneath the surface. Inflation-adjusted wage growth has weakened, reducing purchasing power for households with less ability to absorb higher food, energy, housing, and borrowing costs. This helps explain the divergence between resilient overall consumption and increasing strain among lower-income and rate-sensitive consumers.

U.S. Personal Savings Index

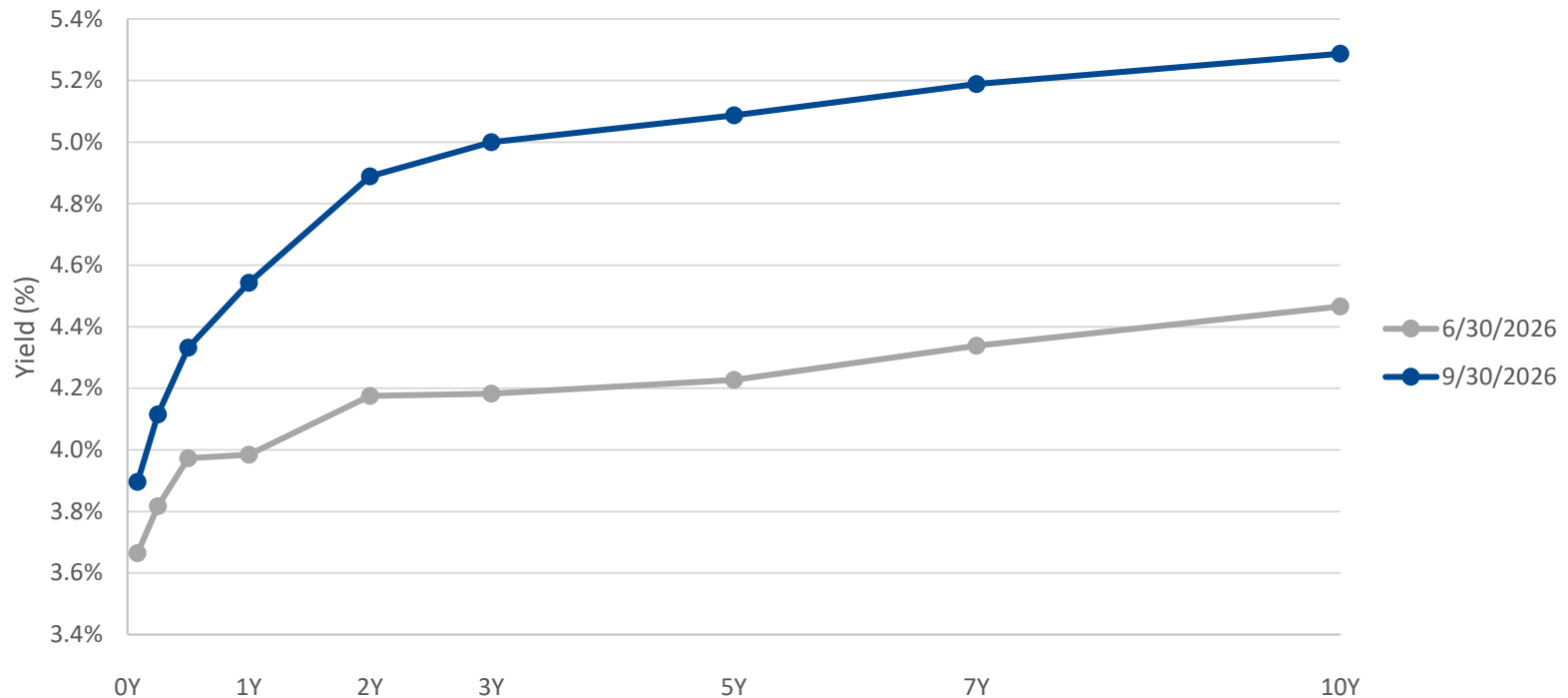


YOY Real Average Hourly Earnings



Yield Curve Changes

Treasury yields moved sharply higher across the curve during the third quarter, with substantial increases from intermediate through longer maturities. The move reflected a repricing of the expected policy path as persistent inflation, resilient growth, and strong capital investment reduced expectations for near-term easing. By quarter-end, yields were higher at every maturity, with the front end rising less than much of the intermediate and long end of the curve.



Maturity	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y
6/30/2026	3.67%	3.82%	3.97%	3.98%	4.17%	4.18%	4.23%	4.34%	4.47%
9/30/2026	3.90%	4.12%	4.33%	4.54%	4.89%	5.00%	5.09%	5.19%	5.29%
Change (bp)	+23	+30	+36	+56	+71	+82	+86	+85	+82

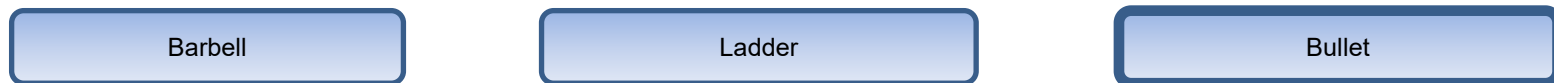
Fixed Income Process: Strategy Overview

Duration



Neutral: We have moved duration closer to neutral as the interest rate outlook has shifted. The Fed raised rates 25 basis points in September, and policymakers' current projections indicate the potential for another increase this year as inflation remains elevated. At the same time, the recent rise in Treasury yields has improved valuations across the curve. We believe a neutral duration posture appropriately balances the risk of additional tightening with the more attractive income and total return opportunities available at current yield levels.

Curve Position



Bullet: The Treasury curve has repriced higher, particularly across intermediate maturities, as markets have adjusted to a renewed Fed tightening cycle and persistent inflation concerns. We continue to favor a bulleted structure, where higher intermediate yields provide attractive income while limiting the additional duration exposure associated with the long end of the curve. This positioning also preserves flexibility to adjust as the path of inflation and monetary policy becomes clearer.

Sector Rotation

- **Overweight:** Governments, Municipals, ABS, Agency-CMBS
- **Underweight:** Class B and C Office, Corporates, Callables

Security Selection

In the current rate environment, we continue to favor securities with stable, predictable cash flows while limiting exposure to optionality. With spreads near historical tights, we maintain an emphasis on higher-quality issuers to promote resilience and stability as competing forces continue to shape the cycle.

Portfolio Characteristics

Washoe County Total Portfolio

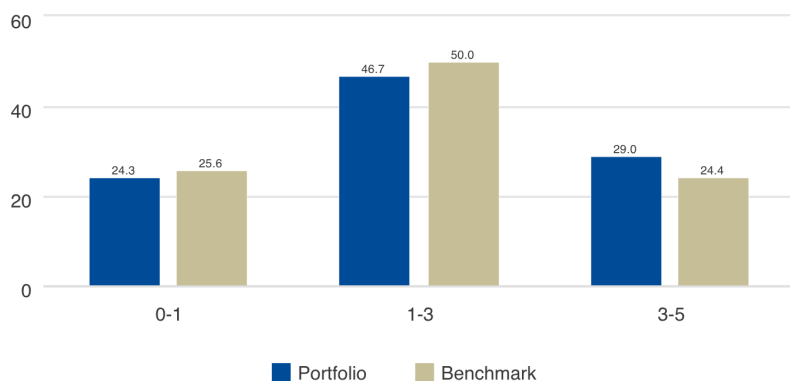
Portfolio Characteristics*

	Portfolio	Benchmark
Market Value	\$1,005,155,285	
Accrued Interest	\$5,350,987	
Total Market Value	\$1,010,506,273	
Average Coupon	4.18	3.13
Est Annual Income	\$39,380,207	
# of Securities	138	204
Years to Effective Maturity	3.04	2.21
Effective Duration	2.09	2.06
Market Yield	5.070	4.793
Average Rating	AA+	AA+

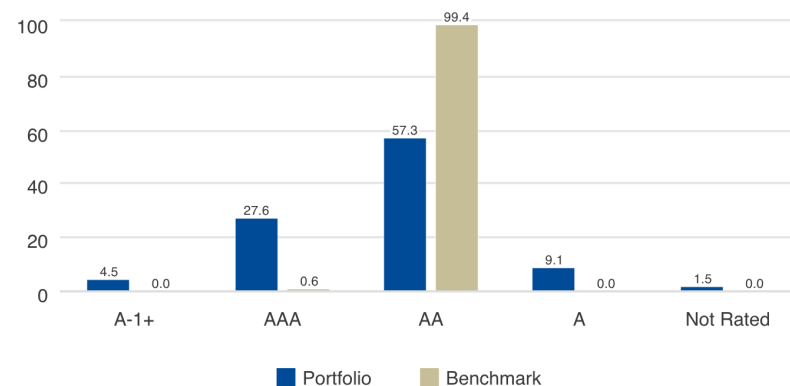
Distribution by Market Sector

	Portfolio	Benchmark
Cash Equivalents	4.58%	-
U.S. Treasuries	12.36%	100.00%
Agencies	32.36%	-
Corporates	17.65%	-
Commercial Paper	4.50%	-
Asset Backed Securities	22.74%	-
Municipals	5.81%	-

Distribution by Effective Duration



Distribution by Quality



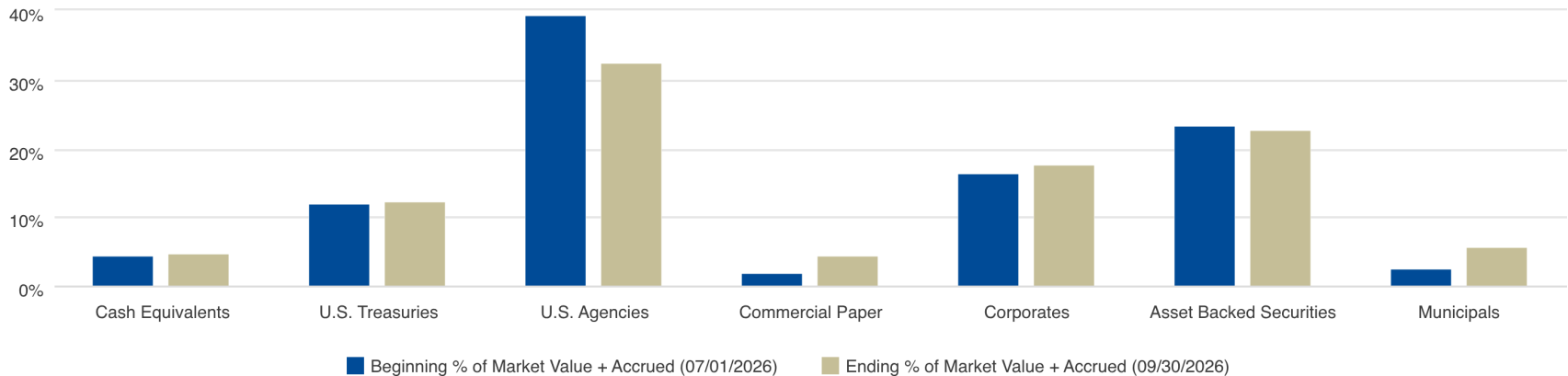
* The portfolio is benchmarked against the ICE BofA 0-5 Year US Treasury Index.

Distribution by Market Sector

Washoe County Total Portfolio

Asset Allocation

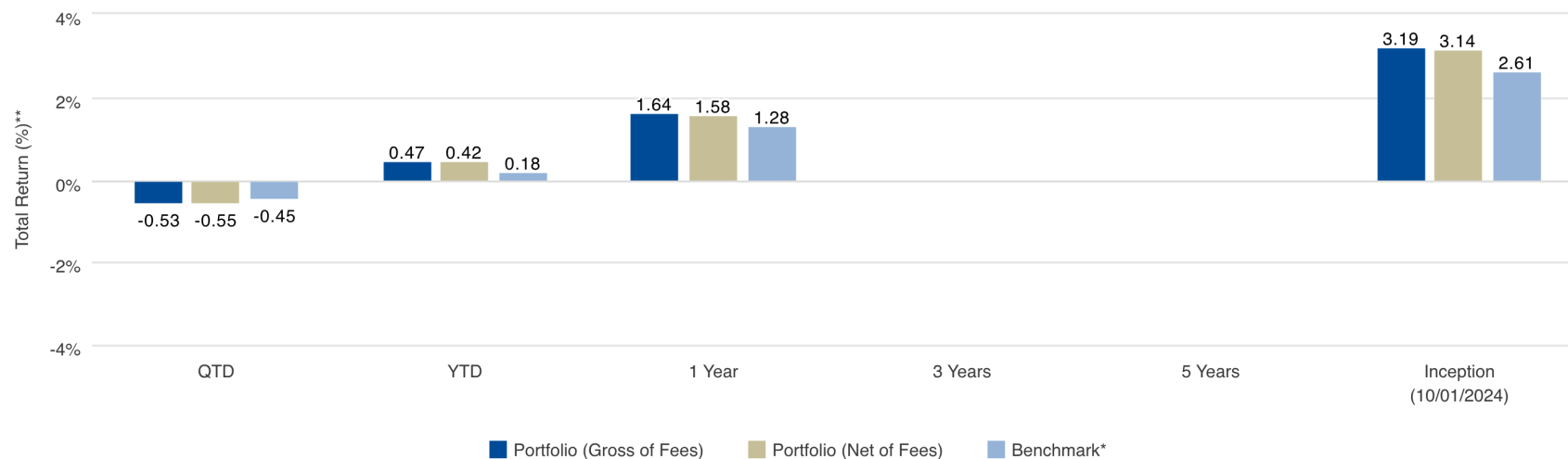
Buckhead Sectors	Ending Market Value + Accrued	Ending % of Market Value + Accrued	Duration	Contribution to Duration	Yield	Contribution to Yield
Cash Equivalents	46,320,736	4.58%	0.00	0.00	3.76	0.17
U.S. Treasuries	124,859,339	12.36%	2.26	0.28	4.79	0.59
U.S. Agencies	326,964,828	32.36%	2.41	0.78	5.30	1.71
Commercial Paper	45,479,513	4.50%	0.07	0.00	3.98	0.18
Corporates	178,362,149	17.65%	2.48	0.44	5.37	0.95
Asset Backed Securities	229,781,095	22.74%	1.61	0.37	4.89	1.11
Municipals	58,738,613	5.81%	3.28	0.19	5.76	0.34
Total	1,010,506,273	100.00%	2.09	2.09	5.07	5.07



Performance Summary

Washoe County Total Portfolio

Portfolio Performance by Period



Calendar Year Performance

Year	Q1	Q2	Q3	Q4	Annual - Gross of Fees	Annual - Net of Fees
2026	0.48%	0.52%	-0.53%		0.47%	0.42%
2025	1.89%	1.47%	1.28%	1.16%	5.94%	5.88%
2024				0.06%	0.06%	0.04%

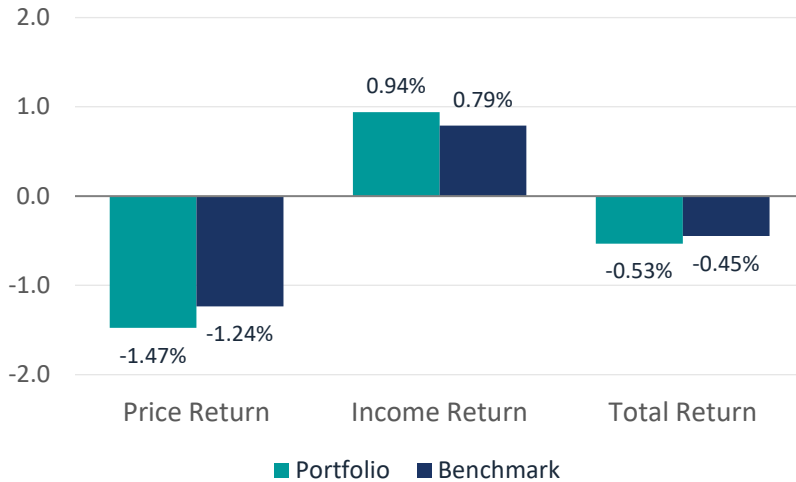
*The portfolio is benchmarked against the ICE BofA 0-5 Year US Treasury Index as of 05/01/2026. All prior periods are benchmarked against the 90% ICE BofA 0-5 Year Treasury/10% ICE BofA 5-10 Year Treasury hybrid index.

**Performance periods greater than one year are annualized. Performance is shown both gross and net of investment management fees and reflects time-weighted total rates of return, including interest income and realized and unrealized gains and losses; net-of-fees returns reflect the deduction of actual advisory fees charged.

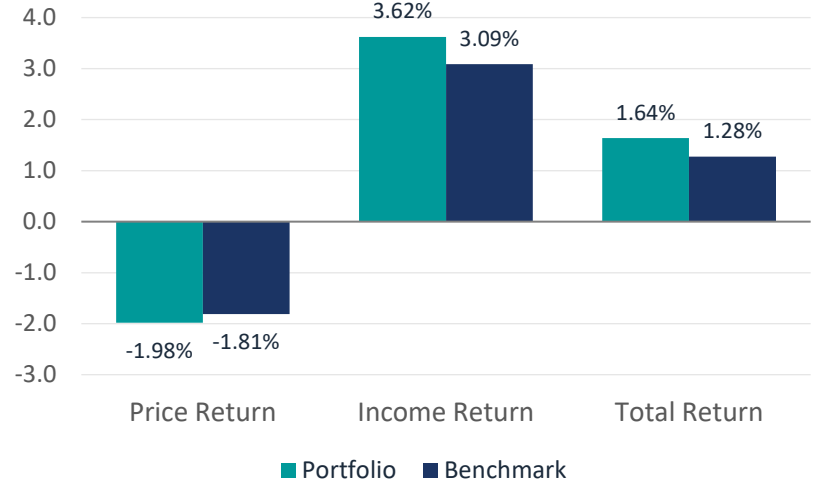
Performance Breakout vs. Benchmark

1Q FY2027 and 12 Months Ended 09/30/2026

1Q FY2027 (07/01/2026 – 09/30/2026)



12 Months Ended 09/30/2026

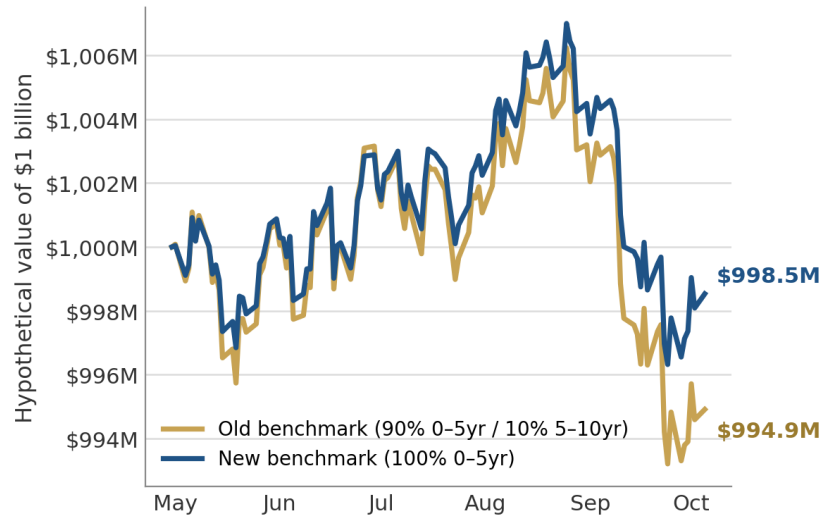


	1Q FY2027			12 Months Ended 09/30/2026		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
Price Return	-1.475%	-1.236%	-0.239%	-1.984%	-1.809%	-0.175%
Income Return	+0.942%	+0.790%	+0.152%	+3.620%	+3.087%	+0.533%
Total Return	-0.532%	-0.446%	-0.086%	+1.636%	+1.277%	+0.358%

Benchmark: ICE BofA 0-5 Year US Treasury Index as of 05/01/2026. 90% ICE BofA 0-5 Year US Treasury Index / 10% ICE BofA 5-10 Year US Treasury Index for prior periods. Minor return differences due to rounding.

A Shorter Benchmark Protected Your Portfolio

What \$1 Billion Would Be Worth



Cumulative Savings from the Shorter Benchmark



When interest rates rise, bond prices fall, and longer-term bonds fall the most. The Committee voted in April to shorten the portfolio benchmark, moving the 10% that had been in a longer-term (5–10 year) benchmark into the shorter-term (0-5 year) benchmark.

Rates climbed through the summer and jumped in September. The longer end of the treasury curve the Committee removed from the benchmark lost about 3.7% of its value, while the shorter part of the curve lost much less (down 0.15%). By no longer holding 10% of the portfolio in longer bonds, the portfolio avoided much of the decline.

Both benchmarks slipped as rates rose — but the shorter one kept far more of its value.

\$3.6 million

in avoided losses vs. the old benchmark

–0.15% with the shorter benchmark

–0.51% with the old benchmark

Compliance Report

Washoe County Total Portfolio

Category	Limit	Value	Status
Concentration			
Tax-Exempt Municipal Securities - Maximum Total Concentration	20.0		Compliant
Max Total Concentration - Non-Negotiable CDs	10.0		Compliant
Max Total Concentration - Repurchase Agreements	50.0		Compliant
Max Total Concentration - Supranationals	15.0		Compliant
Municipals - Maximum Issuer Concentration (as a % of total market value)	10.0	1.1	Compliant
Max Issuer Concentration of Foreign Corporate Bonds	5.0		Compliant
Max Total Concentration - Commercial Paper	25.0	4.5	Compliant
Max Total Concentration - Foreign Corporate Securities	10.0		Compliant
Max Total Concentration - Negotiable CDs	20.0		Compliant
Maximum Total Concentration - Nevada LGIP	20.0	1.5	Compliant
Max Issuer Concentration - Negotiable Certificates of Deposit	5.0		Compliant
Max Issuer Concentration - Non-negotiable Certificates of Deposit	5.0		Compliant
Max Issuer Concentration - Supranationals	15.0		Compliant
Max Issuer Concentration - US Agencies and Instrumentalities	35.0	16.8	Compliant
Maximum Total Dollar Amount Per Bank - Non-Negotiable Certificates of Deposit	250,000.0		Compliant
Agency MBS - Maximum Issuer Concentration (as a % of market value)	25.0	14.2	Compliant
Agency MBS - Maximum Total Concentration (as a % of market value)	40.0	21.9	Compliant
Combination CP, Corp Bonds, and CD - Maximum Issuer Concentration (as a % of market value)	5.0	1.5	Compliant
Corporate Securities - Maximum Total Concentration (as a % of total market value)	25.0	17.7	Compliant
ABS - Maximum Issuer Concentration (as a % of total market value)	5.0	1.7	Compliant
ABS - Maximum Total Concentration (as a % of market value)	25.0	22.7	Compliant
Credit Quality Rules			
ABS-Minimum Rating per Security AAA by one NRSRO	0.0		Compliant
Commercial Paper - Minimum Rating A-1/P-2	0.0		Compliant
Corporates - Minimum Rating per Security A-	0.0		Compliant
If Repurchase Agreement - Minimum Collateralized Amount (as % of security)	0.0		Compliant
Min Credit Rating for CDs (A1/P1)	0.0	0.0	Compliant
Municipal Securities - Minimum Rating per Security A-	0.0		Compliant
Minimum Credit Rating for Supranationals (AA)	0.0		Compliant
Minimum Credit Rating for Foreign Coporate Bonds (AA)	0.0		Compliant
Maturity Rules			
Maximum Maturity Per Security - Supranationals	5.0		Compliant

1. Certain compliance rules such as ratings minimums and prohibited securities constraints show policy limits as zero, indicating that zero securities are permitted to violate the constraint. For these rules, an actual value of zero indicates that the portfolio is in compliance, and that zero securities are violating the constraint.
2. The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

Washoe County Total Portfolio

Category	Limit	Value	Status
Maximum Maturity Per Security - Foreign Corporate Bonds	5.0		Compliant
Maximum WAL Per Security - ABS	5.0	4.0	Compliant
Maximum Maturity per Security - Repurchase Agreement (in days)	90.0		Compliant
Commercial Paper - Maximum Maturity per Security (in days)	270.0	43.0	Compliant
Negotiable Certificates of Deposit - Maximum Maturity per Security	5.0		Compliant
Non-Negotiable Certificates of Deposit - Maximum Maturity per Security	5.0		Compliant
Maximum Average Maturity of Portfolio	3.5	2.9	Compliant
Corporates - Maximum Maturity per Security (in years)	5.0	4.7	Compliant
Minimum % of Portfolio Maturing Within 90 Days	5.0	13.7	Compliant
Maximum Effective Maturity Per Security (in years)	10.0	10.0	Compliant
Prohibited Investments			
Permissible Supranational ISIN/Tickers	0.0		Compliant
144a securities from foreign issuers	0.0		Compliant

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